

## Senate Panel Approves Bill to Create Global Food 'Czar'

By Greg Vadala, CQ Staff

The Senate Foreign Relations Committee gave voice-vote approval Tuesday to legislation that would create a global food “czar” position at the White House as part of a broad effort to combat food shortages.

The bill (S 384), sponsored by panel ranking Republican Richard G. Lugar of Indiana, would authorize \$7.75 billion for agriculture research and exchange programs through fiscal 2014 and ease restrictions on using U.S. aid to buy food overseas.

It also would authorize \$500 million for a new emergency food assistance fund that could be used to buy food in the affected region instead of buying it in the United States and shipping it overseas, a practice critics say costs too much, takes too long and depresses local prices when U.S. products arrive.

The panel also adopted by voice vote a Lugar amendment that would make technical changes to the bill.

During a March 24 hearing, Lugar said farmers will need to double their food output by 2050 to keep pace with population growth and an expanding middle class in countries such as China and India.

“We live in a world where nearly one billion people suffer from chronic food insecurity,” Lugar said. “Overcoming hunger should be one of the starting points for U.S. foreign policy.”

Anti-hunger activists support Lugar’s effort to allow the local purchase of food, but past efforts have run into farm-state interests that support requirements to buy U.S. crops. The bill would give the president discretion to use the fund to meet “unexpected urgent food assistance needs.”

The panel also approved by voice vote a bill (S 705) to reauthorize the Overseas Private Investment Corporation (OPIC) through fiscal 2013. Established in 1971, the independent federal agency directs private capital to developing countries by offering American businesses and lenders political risk insurance and investment financing. OPIC’s temporary reauthorization expires at the end of fiscal 2009.

In the 110th Congress, the House passed a long-term reauthorization of the agency, but the measure stalled in the Senate when Tom Coburn, R-Okla., objected to language encouraging projects to address greenhouse gas emissions. That language was not included in this bill, in part because OPIC already examines its projects’ greenhouse gas impact and also because of expectations that the Obama administration’s plans for climate change legislation would impose a similar requirement.

The reauthorization would prohibit OPIC assistance to companies that have loans to or sizable investments in the energy sector of any state that sponsors terrorism. It also would seek to reward countries that produce oil, gas or gems for adopting transparent accounting systems.

*Adam Graham-Silverman contributed to this story.*

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**US extends credit for sales of U.S. farm goods**

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WASHINGTON, March 31 (Reuters) - The U.S. Agriculture Department said on Tuesday it will extend more credit guarantees in fiscal 2009 for U.S. farm exports to several regions, but canceled a previously offered guarantee for wheat sales to Pakistan.

The **USDA** had announced on Dec. 29 it would offer \$48 million in credit guarantees for wheat export sales to Pakistan's state trading agency for fiscal 2009.

The Commodity Credit Corp's export credit guarantee program helps ensure credit is available to finance exports of U.S. farm products to developing countries.

The raft of new announcements included:

- \$300 million to South Korea, bringing total credit guarantees to the country to \$900 million for 2009;
- \$200 million to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, \$25 million of which was for cotton exports, bringing total credit guarantees to the region to \$550 million for 2009;
- \$175 million to Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Uruguay, bringing total credit guarantees to the South American region to \$575 million for 2009;
- \$75 million to countries in the Caribbean region, bringing total credit guarantees to the region to \$275 million for 2009;
- \$50 million for China and Hong Kong, bringing total credit guarantees to the region to \$150 million for 2009;
- \$25 million to Mexico, bringing total credit guarantees to the region to \$125 million for 2009;
- \$25 million to Jamaica.

The short-term guarantees are part of the **USDA's** GSM-102 program, which promotes sales of U.S. farm goods by assuring lenders they will get paid even if a borrower defaults. Fiscal year 2009 began on Oct. 1, 2008.

Details of the export credit guarantee offer were posted at:  
[http://www.fas.usda.gov/scripts/pressrelease/pressrel\\_frm.asp](http://www.fas.usda.gov/scripts/pressrelease/pressrel_frm.asp) (Reporting by Roberta Rampton)

USDA-CREDIT/[LANGEN|ABN|C|GRO|MTL|SOF

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**REUTERS****Get 'junk' food out of US schools—PTA, diet group**By **Charles Abbott**

448 words

31 March 2009

18:01

Reuters News

English

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WASHINGTON, March 31 (Reuters) - Congress can fight the epidemic of childhood obesity by getting "junk" food out of school stores and snack machines, a parent-teacher group and the American Dietetic Association said on Tuesday.

They backed an overhaul of federal rules so all food sold in schools must meet nutritional standards similar to school lunches. High-fat, high-sugar or high-calorie "competitive" foods now can be sold anytime outside of school cafeterias.

Roughly 17 percent of school-age children are obese, triple the rate in 1980 rate and "an epidemic in the United States," says the Centers for Disease Control and Prevention. Obesity increases the risk of diabetes, heart disease, arthritis and other chronic illnesses.

"The best interests of our children demand that the **nutrition** standards be modernized," said Byron Garrett of the National Parent Teacher Association during a Senate Agriculture Committee hearing on "reforming **nutrition** for kids in school."

National standards are needed, the dietitian group said, so all children "have equal opportunity to a healthy school environment."

U.S. child **nutrition** programs like **school lunch** and the Women, Infants and Children feeding program are due for renewal this year. They cost \$21 billion a year.

School meals comply for the most part with the Dietary Guidelines for Americans, which encourage exercise and more consumption of fruits and vegetables, said Agriculture Committee chairman **Tom Harkin**.

But sugary drinks, candy and high-fat snacks undermine the investment in good food, Harkin said, because "on an average day only 62 percent of American kids who could do so eat the federally sponsored lunch."

Sens **Richard Lugar** and Amy Klobuchar spoke in favor of national standards during the hearing. Sen. Mike **Johanns** said he disliked heavy-handed regulation and Sen. **Saxby Chambliss** said physical exercise should be part of the school day.

Reginald Felton of the National School Boards Association noted that some schools rely on snack sales to help cover costs. He contended that students would buy snack food outside school if it was unavailable inside the building.

Susan Neely of the American Beverage Association said that under a 2006 voluntary guideline, "there has been a 58 percent decrease in beverage calories shipped to schools." She said the guideline should become mandatory. Mars Snackfood US said it supported an update of school **nutrition** standards and described the work of the nonprofit Alliance for a Healthier Generation to limit fat and sugar content in snack foods. (Reporting by **Charles Abbott**; Editing by David Gregorio)

NUTRITION-USA/SCHOOLS|LANGEN|ABN|E|RBN|U|G|C|GRO|SOF|MTL|RNP|DNP|PGE|PCO|PCM

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**UPDATE 1-USDA chief cites problems in food safety system**

By Christopher Doering  
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 31 March 2009  
 16:08  
 Reuters News  
 English  
 (c) 2009 Reuters Limited

(adds Sebelius details in paragraphs 12,13)

WASHINGTON, March 31 (Reuters) - The U.S. **food safety** system is divided by competing philosophies and a lack of accountability that make it harder to protect consumers, Agriculture Secretary Tom Vilsack said on Tuesday as the country faced another food recall.

High-profile recalls since 2006 have led to vociferous calls by lawmakers, the Obama administration and consumer groups to reform the antiquated system.

In the latest outbreak, a California firm issued a nationwide recall of pistachios on Monday due to possible **salmonella** contamination, and health regulators told consumers to avoid all pistachio products for now. [ID:nN31393864]

"There is no question that whatever system is ultimately devised has to be a system that provides for specific accountability," Vilsack told a House Appropriations subcommittee that oversees **USDA**.

"It seems to me today we have competing philosophies" with the **USDA** focused more on prevention while the Food and Drug Administration targets mitigation due to a heavy workload and limited staffing, said Vilsack.

Fifteen federal agencies handle **food safety** including FDA, which handles about 80 percent of the **food supply**, and **USDA**, which is in charge of red meat, poultry and eggs.

"When you have 15 separate agencies in the federal government responsible for some part (of **food safety**), you've got way too many," said Vilsack, who supports a single food agency. Who do "you hold accountable when there is a problem?"

President Barack Obama announced a White House panel this month to improve **food safety**. He assigned Vilsack to head the group along with former Kansas governor Kathleen Sebelius, his nominee for Health and Human Services secretary.

"We are in an emergency situation today," said Rep. Rosa DeLauro, who chairs the House subcommittee. She urged the working group to move quickly to propose reforms.

"This administration is going to have to weigh in on a direction to take before we put into place legislation that may not get us where we want to go in terms of **food safety**."

Lawmakers including DeLauro have introduced legislation this year to improve **food safety** oversight. The bills focus largely on giving the FDA more funding and power, such as the ability to conduct a mandatory recall.

In a separate hearing, Sebelius told the Senate Health, Education, Labor and Pensions Committee on Tuesday that improving the nation's **food safety** required industry involvement as well as beefing up the FDA.

She also said it was too soon to talk about splitting FDA's food and drug safety responsibilities into two agencies as some critics have suggested. [ID:nN31428751]

April 1, 2009

## Vilsack hedges on single-agency food regulation

It's premature to say that a single-agency approach is the right route, the agriculture secretary says.

By PHILIP BRASHER  
pbrasher@dmreg.com

**Washington, D.C.** — Agriculture Secretary Tom Vilsack appeared to step back Tuesday from earlier comments endorsing the creation of a single food safety agency.

Vilsack told a House agricultural appropriations subcommittee that it was premature to say how food regulation should be organized.

Recent outbreaks and food recalls have forced the Obama administration to focus on food safety.

Fifteen federal agencies have some responsibility for ensuring the safety of food. But the bulk of the responsibility is with the Agriculture Department's Food Safety and Inspection Service, which inspects meat, and the Food and Drug Administration, which regulates most other foods, and those agencies have competing philosophies, Vilsack said.

He said the food safety system should focus on the riskiest products and eliminate "hazards before they have the opportunity to make anyone sick," rather than just try to contain outbreaks.

The Bush administration wanted to focus meat inspections on the highest-risk products, but the plan was delayed amid criticism that the Agriculture Department had insufficient data to know which processors to target.

Before it moves ahead with creating a mandatory animal identification system, the Obama administration also wants to allay the concerns of producers who oppose making any such system compulsory.

Unless those objections are addressed, officials will get tied down chasing producers who are evading the program, Vilsack told the House subcommittee.

An animal identification system is intended to allow investigators to quickly trace the sources of food-borne disease outbreaks.

Vilsack stopped short of explicitly endorsing a mandatory identification program, though he said he is "supportive of the effort to make sure that we have an identification system that will allow us to prevent and/or mitigate problems."

But many cattle producers and small-scale farmers strongly oppose a mandatory system. They cite such concerns as the cost, the potential for lawsuits arising from disease outbreaks, and the confidentiality of records.

Some key lawmakers — including the chairwoman of the appropriations subcommittee, Connecticut Democrat Rosa DeLauro — are pressing the administration to set up a mandatory system anyway.

The Bush administration began work on an identification system after the nation's first case of mad cow disease in late 2003, but the program has since languished.

One cattle producers group, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, said the identification system should be restricted to breeding cattle. Bill Bullard, the group's chief executive, said he met with Vilsack in February and urged him to stop pursuing a national identification program that would cover all livestock.

Also Tuesday, Vilsack defended plans to require farmers to allow the USDA to check with the Internal Revenue Service on their eligibility for subsidies.

Vilsack said the USDA would be checking on a "very, very small" number of subsidy recipients. "At some point in time, you have to make sure the payments are getting to the people who are entitled to them and not to the people who aren't," he said.

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## Sebelius vows to bolster FDA food safety oversight

By Donna Smith

485 words

31 March 2009

Reuters Health E-Line

English

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WASHINGTON (Reuters) - Kansas Governor Kathleen Sebelius vowed on Tuesday to make the Food and Drug Administration a "world class" regulatory agency and to work with industry to improve **food safety** if she is confirmed as Health and Human Services Secretary.

Sebelius told the Senate Health, Education, Labor and Pensions Committee that it was too soon to talk about splitting FDA's food and drug safety responsibilities into two agencies as some critics have suggested.

"I think step one is restoring FDA as a world-class regulatory agency," Sebelius said at the first of two Senate confirmation hearings scheduled for this week.

Sebelius was tapped by President Barack Obama to lead his push to revamp the \$2.5 trillion U.S. healthcare industry to rein in exploding costs and provide coverage for an estimated 46 million Americans who lack health insurance.

Committee Chairman Edward Kennedy said he "strongly" supported her nomination. Other members of the committee also voiced their support. Sebelius will testify on Thursday before the Senate Finance Committee, which will vote on the nomination before it is taken up by the full Senate.

Sebelius is Obama's second choice to head the agency. Former Senate Democratic Leader Tom Daschle withdrew from consideration after admitting he delayed paying some \$140,000 in taxes and fines.

As Health and Human Services secretary, Sebelius would oversee the FDA, the National Institutes of Health, the Centers for Disease Control and Prevention as well as the Medicare and Medicaid health programs for the elderly and poor.

### INVOLVING INDUSTRY

Sebelius told the committee that improving the nation's **food safety** required industry involvement as well as beefing up the regulatory agency. A spate of product recalls because of **salmonella** contamination has undermined public confidence in the agency, sparking calls for revamping the FDA.

"We need to involve industry in making sure that we look at products as they move through the food chain and that there is some collaborative operation to make sure that those supply chains are also very involved in keeping our people safe," she said.

Sebelius, a former insurance commissioner in Kansas, told the committee she shared Obama's objectives in overhauling the U.S. healthcare system and that she would work to ensure that costs are addressed at the same time coverage is expanded to the uninsured.

"Inaction is not an option," she said. "The status quo is unacceptable and unsustainable."

U.S. healthcare costs doubled from 1996 to 2006 and now account for more than 16 percent of the economy, nearly twice the average of other developed nations.

Healthcare spending is projected to rise to 25 percent of the economy by 2025 and could reach 49 percent

by 2082 if nothing changes, administration officials have said.

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**UPDATE 3-USDA buys meat, walnuts to help struggling farmers**

By Christopher Doering  
346 words  
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11:44  
Reuters News  
English  
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(Adds details from release and expected milk subsidy announcement)

WASHINGTON, March 31 (Reuters) - The U.S. Agriculture Department will buy turkey, pork, lamb and walnuts for domestic food assistance programs as part of several measures announced on Tuesday to help farmers struggling with low prices, said Agriculture Secretary Tom Vilsack.

The U.S. will buy \$60 million of turkey, \$25 million of pork, \$2 million of lamb and \$29.7 million of walnuts, to "help mitigate further downward prices, stabilize market conditions, stimulate the economy, and provide high quality, nutritious food to recipients of our **nutrition** programs," Vilsack said.

**USDA** will use the food in school meal programs, food banks and to help victims of natural disasters.

Vilsack also said **USDA** will extend the sign up to Aug. 14 from an earlier June 1 deadline for the new Average Crop Revenue Election (ACRE) and the Direct and Counter-Cyclical programs (DCP). Sign up for ACRE is expected to start in late April.

"Extending the DCP and ACRE sign up deadline will help ensure that America's farmers have enough information and time to determine whether to participate in the ACRE Program," he said.

When farmers sign up for ACRE, they accept a 20 percent reduction in direct payments and a 30 percent cut in crop support prices. They get a payment when crop revenue falls at the state and farm level, based on average yields and prices.

The **USDA** also will make an announcement this week under the Milk Income Loss Contract subsidy, which is keyed to the price of "fresh" milk bound for grocery stores, said Vilsack.

The announcement comes after the U.S. government said last week it will shift \$160 million worth of surplus dry milk into school lunches and food donations to help poor people and dairy farmers hit by high feed costs and low prices. (Reporting by Christopher Doering; Editing by Lisa Shumaker)

USA-CONGRESS/VILSACK (UPDATE 3)|LANGEN|ABN|C|GRO|MTL|SOF|PCM

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## Dow Jones Newswires

### **USDA Chief Wants To Address Concerns On Livestock ID Program**

By Bill Tomson  
Of DOW JONES NEWSWIREs  
412 words  
31 March 2009  
17:09  
Dow Jones Commodities Service  
English  
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WASHINGTON (Dow Jones)--U.S. Department of Agriculture Secretary Tom Vilsack said Tuesday he wants to meet with those who oppose a mandatory livestock identification and tracking program and try to address their concerns.

Vilsack said he agreed with lawmakers like Rep. Rosa DeLauro, D-Conn., who believe the current voluntary system created under the Bush administration is not effective, but he also said he needs to work with those who oppose changing it in order to improve the system.

"Right now there is a division and what I don't want is a circumstance where this is mandated and then people spend a great deal of time trying to figure out how to get around it," Vilsack said.

Testifying before a House Appropriations subcommittee on agriculture earlier Tuesday, Vilsack said he needed to get ranchers "around the table" to discuss their concerns so the **USDA** won't "have problems with a mandatory system once its implemented."

That does not necessarily mean Vilsack is now advocating mandatory participation in the livestock identification program, **USDA** spokeswoman Nayyera Haq said.

And Vilsack, when asked directly if he supported moving from a voluntary system to a mandatory one, would only say he was concentrating now on the immediate task before him of addressing the concerns of those opposed to a mandatory system.

John Clifford, a deputy administrator at the **USDA's** Animal and Plant Health Inspection Service, told lawmakers earlier this month that only 35% of U.S. livestock producers are participating in what is now a voluntary program and the situation is "not acceptable."

The goal is to be able to track a livestock disease outbreak to its source in 48 hours, Clifford said, but so far the **USDA** has spent \$119 million and it is nowhere near reaching that goal.

"This system, currently as it is ... is not effective," Clifford said.

One vocal opponent of mandatory livestock identification is the rancher group R-CALF United Stockgrowers of America, which predicts the change would increase costs on the industry.

"We do not oppose animal identification, but we do oppose it being mandatory, R-CALF President Max Thornsberry said in a recent statement. "Our policy is very simple: if you want to participate, fine, and if you don't, fine."

-By Bill Tomson, Dow Jones Newswires; 202-646-0088; bill.tomson@dowjones.com [ 03-31-09 1709ET ]

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Des Moines Register

107

March 31, 2009

## Vilsack open to animal ID but wants to allay fears

By PHILIP BRASHER  
pbrasher@dmreg.com

**Washington, D.C.** — The Barack Obama administration wants to allay the concerns of producers who oppose creation of an animal identification system before moving ahead with creating a mandatory program.

Unless those objections are addressed, officials will get tied down chasing producers who are evading the program, Agriculture Secretary Tom Vilsack told the House agricultural appropriations subcommittee today.

An animal identification system is intended to allow investigators to quickly trace the sources of food-borne disease outbreaks.

Vilsack stopped short of explicitly endorsing a mandatory ID program, though he said he is "supportive of the effort to make sure that we have an identification system that will allow us to prevent and/or mitigate problems."

But many cattle producers and small-scale farmers are strongly opposed to a mandatory system. They cite a number of concerns, including the cost, the potential for lawsuits arising from disease outbreaks and the confidentiality of records.

Some key lawmakers, including the chairwoman of the appropriations subcommittee, Connecticut Democrat Rosa DeLauro, are pressing the administration to set up a mandatory system anyway.

The Bush administration began work on an identification system after the nation's first case of mad cow disease in late 2003, but the program has since languished.

Vilsack told DeLauro he would sit down soon with opponents of the program to address their objections.

"If there are concerns about privacy and confidentiality, we need to address those as we set a system up," Vilsack said.

One cattle producers group, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, says the identification system should be restricted to breeding cattle. Bill Bullard, the group's chief executive, said he outlined the group's concerns about the program in a private meeting with Vilsack in February.


Also today, Vilsack defended his department's plans to require farmers to allow the Agriculture Department to check with the Internal Revenue Service on their eligibility for subsidies.

Vilsack said the Agriculture Department would be checking on a "very, very small" number of subsidy recipients to enforce income-eligibility rules.

"At some point in time, you have to make sure the payments are getting to the people who are entitled to them and not to the people who aren't," he said.

Rep. Tom Latham, R-Ia., said producers "are very, very concerned about privacy."

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WSJ.com

108

U.S. NEWS | MARCH 31, 2009, 9:34 P.M. ET

## Crop Cutbacks by Farmers Spell Higher Food Prices

By SCOTT KILMAN

The Agriculture Department said farmers intend to idle millions of acres of land this spring as they cut production of most of the nation's major crops, including corn, wheat and cotton, and plant far fewer acres of soybeans than widely anticipated.

The retreat by recession-battered farmers -- the broadest in two decades -- is helping to set the stage for more volatility in prices of the crops used for everything from packaged food and biofuels to fattening livestock. The nation's major food brands were battered last year by gyrating crop prices in part because several companies made bad hedging decisions.

In a sign of what food executives fear is to come, crop futures prices leapt Tuesday on worries that any weather problems this summer could result in supply disruptions next year. In trading at the Chicago Board of Trade on Tuesday, the soybean futures contract for May delivery soared 47.50 cents to settle at \$9.52 a bushel. The corn contract for May delivery jumped 18.5 cents a bushel to settle at \$4.0475 and the May wheat contract rose 20.25 cents a bushel to settle at \$5.3275.

"Volatility is back," said Michael Swanson, a Wells Fargo & Co. agricultural economist.

For consumers, the cutbacks mean the food inflation rate isn't likely to fall back to the benign levels of earlier this decade. The USDA is forecasting food inflation of 3% to 4% this year. While down from last year's 5.5%, it is higher than the 2.4% of 2005 and 2006.

Based on its survey of 86,000 farmers in early March, the USDA said it expects growers to plant 58.6 million acres of wheat, down 7% from last year, and 85 million acres of corn, down 1% from last year. Cotton acreage is expected to fall 7% to 8.1 million acres, the lowest level since 1983.

Commodity analysts had expected the report to show farmers moving away from these high-cost crops to make room in their fields for soybeans, which don't require expensive nitrogen fertilizer. According to the government's Prospective Plantings report, farmers intend to plant a record 76 million acres of soybeans this year, but that is up only 0.4% from last year, not the 5% increase expected by analysts.

Many U.S. crop farmers had the most profitable years of their careers in 2007 and 2008. But they are retrenching because of soaring costs of fertilizer and seed as well as signs that the recession is slowing demand for their crops and land.

The USDA said farmers intend to plant the nation's 21 biggest crops on 7.8 million fewer acres than last year, the biggest one-year drop since 1987, when the farm belt was mired in a debt crisis. The retreat is most dramatic in states like North Dakota, where farmers intend to plant 1.4 million fewer acres, and in Texas, where farmers could idle one million acres.

Many growers still have time to change their plans for the growing season, which begins in mid-April across much of the farm belt. The USDA will survey farmers about actual plantings in June.

##



**UPDATE 3-US farmers to plant more soybeans, less corn-USDA**

768 words  
 31 March 2009  
 14:17  
 Reuters News  
 English  
 (c) 2009 Reuters Limited

- \* US farmers to plant soybeans on record 76 million acres
- \* Switch to soy from corn smaller than traders expected
- \* Corn crop could still be second largest on record
- \* Wheat, cotton and peanut acres expected to drop
- \* Farmers still have time to change their minds (Updates market reaction, adds analyst comment, peanut plantings, peanut **farmer** comments, paragraphs 3,8,9,17,18)

By **Charles Abbott** and Roberta Rampton

WASHINGTON, March 31 (Reuters) - U.S. farmers are aiming for a record soybean crop this year but high costs for fertilizer and other supplies will mean less corn, wheat and cotton, U.S. government data showed on Tuesday.

After two years of booming returns, farmers are more cautious about planting this year as the global recession hits exports, the livestock sector and the **ethanol** industry.

"The economy has cut into total plantings and there will be a battle for acres in corn and beans this spring, especially if there are delays in planting corn," said Don Roose, president and analyst of U.S. Commodities, Des Moines, Iowa.

Lured by high prices, farmers will plant 76.024 million acres (30.77 million hectares) of soybeans in coming months, the U.S. Agriculture Department said in its annual plantings report. According to Reuters calculations, farmers could bring in a record harvest of 3.2 billion bushels, if weather and yields are average.

"It is principally the high input costs and farmers' concern about not being able to pencil out a profit" that led to the boost for soybeans, which cost less to grow, said John Schnittker, a private consultant.

But the switch to soybeans out of corn was far less than traders had expected. Farmers are still on track to produce the second-largest crop of corn on record.

"Ultimately, if you looked at what the returns per acre were, corn still trumped soybeans even though farmers are facing higher fertilizer costs and higher seed costs," said Terry Francl, an economist for the American Farm Bureau Federation.

The report boosted soybean futures prices by more than 5 percent at the Chicago Board of Trade on Tuesday. [ID:nNLV932229]

Total plantings for the eight major crops were down 2.8 percent or 7.091 million acres, which could contribute to volatile price swings for farmers, analysts said. [ID:nN31408115]

**USDA** pegged corn plantings at 84.986 acres, down 1 percent from 2008, which could produce about 12.2 billion bushels under normal conditions, according to Reuters calculations. [ID:nDAT001231]

The planting estimates were based on a survey of 86,000 farmers in the first half of March. [ID:nN31362977]

**USDA** forecast wheat area of 58.638 million acres, down 7 percent from last year, suggesting wheat production of 2.1 billion bushels.

The survey was done before severe flooding hit the Red River Valley, a top spring wheat area in Minnesota and North Dakota, which analysts have said could cut plantings in the area by 500,000 acres. [ID:nN27197989]

#### PEANUT PLANTINGS DOWN

Cotton plantings could be the smallest since 1983 as growers react to depressed prices and demand. The **USDA** forecast area of 8.812 million acres, down 7 percent from last year. [ID:nN31321185]

Severe drought in California could hurt rice and cotton plantings in the state, the **USDA** said.

But some farmers who normally plant peanuts will plant more cotton instead, the **USDA** said.

Peanut plantings are expected to be slashed by 27 percent from last year to the smallest area since 1915 because of concerns about demand in the wake of a recent food poisoning outbreak, the **USDA** said. [ID:nN31429300]

"Farmers are going to have to make some tough choices this year," said Dee Dee Darden, whose family has grown peanuts in Virginia for 50 years but might not land a contract this year.

"We really depend on the peanuts," she said. "We can get more return per acre on a crop of peanuts than anything else."

Farmers still have time to change their minds about what to grow depending on soil moisture conditions, fertilizer prices and crop returns heading into spring, said Stewart Ramsey, senior agricultural economist with IHS Global Insight.

"We still could see some acreage push and pull," Ramsey said. "Farmers are making decisions on bigger pieces of their final acreage allocations later every year." (Additional reporting by Sam Nelson in Chicago; Editing Russell Blinch and Marguerita Choy; Editing by David Gregorio)

USDA-PLANTINGS/ (UPDATE  
3))|LANGEN|ABN|C|GRO|SOF|E|RBN|U|O|OIL|MTL|RNP|DNP|PCO|PCM|PEN

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**ANALYSIS-US corn, soy seeding plan still a work in progress**

By Karl Plume and Michael Hirtzer  
796 words  
31 March 2009  
18:12  
Reuters News  
English  
(c) 2009 Reuters Limited

CHICAGO, March 31 (Reuters) - The number of acres farmers will plant with corn and soybeans this spring was far from settled by a government report on Tuesday, with prices, weather and input costs over the next month set to play a big role.

The surprisingly low U.S. Agriculture Department soybean plantings estimate sent soy prices soaring and some traders believe seedings could rise in response. But farmers have a preference for planting corn and the weather in the coming weeks could influence their decision.

Neither crop figures to be as profitable as it has been in the past two years even though crop prices are at historically high levels, because production costs are also high.

A 2.8 percent decline in acres devoted to major U.S. field crops in 2009, according to the **USDA**, means farmers may increase seedings of both corn and soybeans if commodity prices climb into the spring.

But farmers will choose which of the two crops to plant based on how much rain the U.S. Midwest receives this spring, how soon they can begin spring field work and even which crop figures to offer the most stable yields.

"It tends to be more of an agronomic decision than an economic one," said Joe Victor of commodity research firm Allendale Inc.

"The seed cost is higher for corn, the fertilizer cost per acre is higher, so you would assume they would like the soybeans. But the bottom line is that I think farmers get a little nervous about the yield variability," he said.

In the first survey-based acreage report of the season, **USDA** projected 2009 soybean seedings at a record 76.024 million acres, up from 75.7 million in 2008, and corn acreage at 84.986 million, up from 86 million last year.

Analysts on average expected the report to show 79.622 million acres of soybeans and 84.411 million acres corn.

**USDA** conducted its survey during the first two weeks of March when many farmers had not yet made their final planting decisions, so those figures are sure to change.

**USDA** will release its final acreage report on June 30.

**WET WEATHER**

Farmers in the heart of the Corn Belt still have a few weeks before they begin worrying about weather-related planting delays as corn in the heart of the region can be planted as late as mid-May.

"If the weather would allow us to get into the fields in the next couple of weeks, you'll probably see a few more corn acres. But if the weather delays us, with a lot of rainy weather and whatnot, that would favor soybeans," said Robert Nielsen, extension agronomist at Purdue University in Indiana.

Wet weather tends to favor soybean seedings because corn planted too late in the season is left vulnerable

to the hottest summer weather during its key pollination stage of development.

Farmers will also consider input costs when making final planting decisions, but input costs will only play a role in the short-term.

"Those inputs are going to get locked in here fairly quickly. Everybody needs to make arrangements to get (fertilizer) applied. That may have an influence for a couple of weeks but they're going to have to make a decision pretty quick," said Darrel Good, professor of agricultural marketing at the University of Illinois.

Like grain prices, fertilizer prices have also declined from record highs last year but remain at historically high levels.

#### HISTORY FAVORS CORN

Recent history suggests **USDA's** corn plantings estimate may increase while soybeans decrease from the initial projection.

That has been the case in each of the past five years, even if economic or weather factors appeared to favor the opposite.

Corn prices fell by about 40 cents a bushel between the March 2007 prospective plantings report and that year's June acreage report while soybean prices rose by about 40 cents, but corn acres still increased and soy acres fell.

Widespread Midwest flooding and prolonged planting delays due to wet weather in the spring of 2008 resulted in the same pattern, despite excess spring moisture normally favoring soybean seedings.

Over the last five years, the corn acreage estimate has increased on average 1.74 percent from March to June while the soybean estimate has decreased 1.5 percent, according to Allendale's Joe Victor.

"It's pretty hard to beat those odds. I believe this paves the way for additional corn acres and even fewer soybean acres," he said. (Reporting by Karl Plume and Michael Hirtzer; Editing by David Gregorio)

USDA-PLANTINGS/PRICES (ANALYSIS)|LANGEN|ABN|C|GRO|E|RBN|U|MTL|SOF

Document LBA0000020090331e53v001se



**UPDATE 1-Peanut farmers to slash plantings after food scare**

547 words  
31 March 2009  
14:07  
Reuters News  
English  
(c) 2009 Reuters Limited

- \* US peanut plantings could drop by 27 percent
- \* Acreage would be lowest since 1915
- \* Buyers have slashed contracts after **salmonella** outbreak (Adds comments from growers and Georgia Peanut Commission)

By Jasmin Melvin

WASHINGTON, March 31 (Reuters) - U.S. peanut farmers will plant their smallest crop in 94 years after a recent food poisoning outbreak linked to peanut products hurt demand for the staple, the U.S. Agriculture Department said on Tuesday.

Farmers surveyed early in March said they plan to grow 1.12 million acres of peanuts in 2009, the **USDA** said, down 27 percent from 1.534 million acres in 2008 which produced a record 5.15 billion pounds of peanuts.

According to **USDA** records, peanut plantings haven't been that small since 1915.

Buyers slashed growers' contracts following the **salmonella** outbreak which has led to nearly 700 illnesses in 46 states and is tied to as many as nine deaths.

Low prices and slack demand are a "double whammy" for farmers, said Dee Dee Darden, who runs a 500-acre farm in Smithfield, Virginia, with her husband.

"Farmers are in a real dilemma this year because our (costs for) inputs are so high and we don't have a lot of choices as to what we can plant," Darden said.

"Farmers are going to have to make some tough choices this year."

Darden's family has grown peanuts since the 1940s, but they may not plant any acres this year because of a lack of contracts, she said.

"We really depend on the peanuts," Darden said. "We can get more return per acre on a crop of peanuts than anything else."

High costs for fertilizer will make it hard to profitably grow corn or cotton, leaving soybeans as the only alternative, she said.

But the **USDA** said on Tuesday farmers are poised to grow a record soybean crop in 2009, which Darden said could pressure prices for farmers. [ID:nN31403399]

In Seminole, Texas, **farmer** Roger Neitsch said he would cut peanut acres by about 50 percent to 120 acres on his 1,280-acre farm.

Growers in West Texas all face large cuts as the impact of the **salmonella** outbreak coincides with a serious drought and low peanut prices, he said.

But Neitsch said he expects peanut plantings to rebound to more normal levels by next year with the 2010 crop.

The U.S. peanut industry stands to lose \$1 billion from the outbreak, Don Koehler, executive director of the Georgia Peanut Commission, has estimated.

The outbreak prompted the recall of more than 3,000 products ranging from ice cream to pet food, the largest food recall in U.S. history.

The scare was prompted by **food safety** violations at the Peanut Corporation of America, but has hurt many manufacturers and "robbed them of any bit of the profit that they might have had," Koehler said.

"It's sad that one company could really cause this problem," Koehler said.

LINK:

\* **USDA** historical peanut planting data

<http://usda.mannlib.cornell.edu/usda/current/htrcp/htrcp-04-30-2008.pdf> (Reporting by Jasmin Melvin; additional reporting by Roberta Rampton; editing by Jim Marshall)

USDA-PLANTINGS/PEANUTS (UPDATE 1)|LANGEN|ABN|C|GRO|MTL|SOF

Document LBA0000020090331e53v001ku

## **Biden visit will focus on rural woes**

**Vice president will announce \$1.2 billion for home loans during North Carolina trip.**

By Barbara Barrett  
bbarrett@mcclatchydc.com

- Posted: Wednesday, Apr. 01, 2009

WASHINGTON As the nation's rural communities see their economies plummet at a faster rate than the rest of the country, Vice President Joe Biden will visit Eastern North Carolina today to announce nearly \$1.2 billion in stimulus funding to help an estimated 10,000 rural families buy homes across the country.

Biden will be joined by Secretary of Agriculture Tom Vilsack, whose agency will spend nearly \$10 billion from the stimulus bill on rural housing programs to help farmers and families in the nation's most sparsely populated areas.

North Carolina already has received more than \$9.1 million to give out farm loans, to stock food banks and to buy nutritious foods for school lunches. Already, 68 farmers have been approved to receive loans worth \$5.2 million, according to the U.S. Department of Agriculture.

"North Carolina obviously continues to struggle with high unemployment, and we think this is an opportunity to showcase what the Recovery Act is doing specifically in states to create jobs and improve the quality of life in rural communities," Vilsack said in an interview Tuesday.

"When you have a downturn, you have high unemployment and you obviously have fewer opportunities in small communities," Vilsack said.

The visit comes as U.S. Rep. Mike McIntyre of Lumberton, who represents much of rural Eastern North Carolina, is holding hearings in Congress on the infrastructure needs of rural communities.

McIntyre said at a hearing Tuesday that his Agriculture subcommittee will work this year to investigate the stimulus bill's impacts in rural America.

"Even with this infusion of funds, however, rural areas still face a tough struggle," McIntyre said.

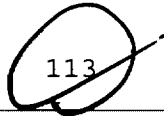
According to the federal Bureau of Labor Statistics and the Rural Policy Research Institute, rural areas lost 3.4 percent of their jobs in 2008 from the previous year, compared with a 2.8 percent drop for metropolitan areas, he said.

Today, Biden and Vilsack are scheduled to visit a hospital and a fire station in two small towns southeast of Raleigh.

In Faison, they'll visit Goshen Medical Clinic, where \$635,000 from the stimulus bill will help the hospital hire two doctors, two nurses and three administrative workers, Vilsack said.

Biden and Vilsack will then travel to Pikeville in Wayne County. There, the Pikeville Pleasant Grove volunteer fire department just received a \$50,000 grant and \$1 million loan from the stimulus funds to build a larger fire station.

While in Pikeville, the pair will announce \$1.17 billion in stimulus funding nationwide in loan financing for home purchases in rural areas. The administration says the money will help 10,000 families and either provide or protect an estimated 5,000 jobs.

**UPDATE 5-Pistachios recalled in U.S. due to salmonella risk**

637 words  
31 March 2009  
08:53  
Reuters News  
English  
(c) 2009 Reuters Limited

- \* California pistachio processor recalls nuts
- \* FDA advises consumers avoid all pistachio products
- \* Kraft recalls some Planters, Back to Nature products (Adds Wal-Mart comment, amount of pistachios involved)

By Martinne Geller

NEW YORK, March 31 (Reuters) - A California nut grower and processor issued a nationwide recall of pistachios on Tuesday due to possible **salmonella** contamination, and authorities said consumers should avoid all pistachio products until more information was available.

The U.S. Food and Drug Administration (FDA) said several illnesses had been reported that may be associated with the contaminated pistachios. The FDA said it and the California Department of Public Health were investigating the matter.

The FDA said it first learned of the problem on March 24, when Kraft Foods Inc informed the agency that Back To Nature trail mix was contaminated. Kraft had identified the source of the contamination as Setton.

**Salmonella** can cause serious and sometimes fatal infections in young children, frail or elderly people, and others with weakened immune systems.

The recalled nuts were shipped on or after Sept. 1, 2008, by Setton Pistachio of Terra Bella Inc. The FDA said the recall would likely include many products in which pistachios were used as ingredients.

Last week, Kraft recalled Back To Nature Nantucket Blend trail mix containing pistachio nuts, and grocery chain Kroger Co recalled its Private Selection shelled pistachios, which are sold at its various chains.

Kraft said on Tuesday that it was recalling almost two dozen products under the Planters and Back to Nature brands supplied by Setton after Sept. 1.

Setton also provides the pistachios sold in Wal-Mart Stores Inc's Sam's Choice private brand of pistachios.

A spokeswoman for Wal-Mart said that although the retailer had been assured by Setton that its Sam's Choice pistachios were not part of the recall, Wal-Mart was taking them off its shelves in an "abundance of caution" after talking to the FDA.

Supervalu Inc, which owns Albertsons, Jewel-Osco and other food store chains, said it was removing all pistachios and products containing them from its stores until it gets more information about specific products being recalled.

The pistachio contamination is not connected to the recent **salmonella** outbreak involving peanuts and peanut butter.

Pistachios are not consumed as widely in the United States as peanuts, but are often used in such products as ice cream and in Middle Eastern desserts such as baklava.

## TWO MILLION POUNDS OF NUTS

A week after Kraft recalled its trail mix, Setton recalled specific lots of bulk-roasted shelled pistachios and roasted unshelled bagged pistachios in 2,000-pound, 1,800-pound, 1,700-pound and 1,000-pound amounts sold to wholesale customers.

On Tuesday, Setton said it had learned that a small amount of shelled pistachios it sold in late 2008 had tested positive for **salmonella**.

Setton is also recalling its Setton Farms brand roasted, salted, shelled pistachios in nine ounce bags, distributed in seven Southeastern states, with a "Best Before" date between Jan 6, 2010 and Jan 19, 2010.

Setton's recall involves more than 2 million pounds of pistachios, according to a spokeswoman for the company.

Diamond Foods Inc, which sells Diamond brand cooking nuts and Emerald brand snacking nuts, said it does not buy any nuts from Setton and does not believe any of its products are affected.

CVS Caremark Corp and Walgreen Co said none of their private branded products were affected by the recall. (Reporting by Martinne Geller; Additional reporting by Jessica Wohl and Brad Dorfman in Chicago, Nicole Maestri in New York and Amitha Rajan in Bangalore; Editing by Gerald E. McCormick, Dave Zimmerman, Toni Reinhold)

PISTACHIOS/RECALL (UPDATE 5)|LANGEN|AFA|CSA|LBY|RWSA|RWS|REULB|GNS|ABX|BNX|SXNA

Document LBA0000020090331e53v000xl

# The Washington Post

114

## FDA Official Says Production Error Probably Contaminated Pistachios

By Lyndsey Layton  
Washington Post Staff Writer  
Wednesday, April 1, 2009; A03

A basic error on the production lines of a California processing plant is thought to have contaminated its pistachios with salmonella, a top federal food safety official said yesterday.

Setton Pistachio of Terra Bella, the nation's second-largest processor of the nut, ran raw and roasted pistachios through the same machinery on several production lines, said David Acheson, assistant commissioner for food protection at the Food and Drug Administration.

Salmonella bacteria can live on raw nuts but are usually killed during the roasting process. Good manufacturing standards call for keeping raw and roasted nuts separate so that bacteria do not spread between the two.

It is unclear why Setton Pistachio ran raw and roasted nuts through the same machinery. A company spokeswoman did not respond to queries.

The company was apparently aware that it had a salmonella problem because its own tests found the bacteria on roasted nuts, Acheson said. Managers ran the nuts through the roasting process a second time to kill the bacteria before shipping them to customers, an accepted way to "recondition" the product, he said.

The FDA learned of the test results in the past week. Setton Pistachio did not report them to any regulatory agency because it is not required to do so under state or federal law. It is unclear what additional steps, if any, the company took to address the presence of salmonella in its plant, Acheson said.

Setton recalled more than 2 million pounds of pistachios Monday. But because the company supplies its nuts to about 35 wholesalers and food manufacturers, who repackage the pistachios for retail sale or use them as ingredients in other products, it was not clear which consumer goods are affected. It could take weeks to compile a comprehensive list.

That has prompted federal officials to warn consumers to temporarily stop eating all foods containing pistachios. "Our advice is to avoid eating pistachio products; don't throw them out, hold on to them as we learn more about this," Acheson said.

Food safety advocates said the government lacks basic modern tools to quickly trace the origin and destination of foods -- information that is crucial when public health is at stake. Several food safety reform bills pending in Congress would create food-tracing systems to better track agricultural products from the farm to the table.

"It's important to get the word out as quickly as possible so that people don't eat contaminated food," said Erik Olson, director of food and chemical safety programs at Pew Charitable Trusts. "They've known about this for about a week, and a lot of people have probably eaten these pistachios. Companies can't immediately trace where their food was headed and who eats it. We still won't know for a long time which products are affected. It just highlights the system is broken."

No illnesses have been linked to the nuts from Setton. Two people have complained to the FDA that they got sick after eating pistachios, but health officials have not made any definitive connection to the nuts in question.

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Acheson said. Salmonella can cause diarrhea, fever and cramping. The infection can be fatal for children, the elderly and people with weakened immune systems.

The problem with the Setton pistachios was caught through internal tests by Georgia Nut, which buys the nuts from Setton to make the Back to Nature Nantucket Blend trail mix under a contract with Kraft Foods International.

Georgia Nut was doing routine testing, said Susan Davidson, a Kraft spokeswoman. The company notified Kraft that it had identified four strains of salmonella in the pistachios. Kraft contacted the FDA on March 24 to say it was voluntarily recalling the trail mix. It later expanded the recall to all Planters products containing pistachios.

The FDA, after discussions with Georgia Nut, identified Setton as the processor and began investigating, Acheson said. The California Department of Public Health dispatched a team of investigators and scientists to review the company's records and production practices and collect environmental and product samples for laboratory analysis. Results are pending.

Setton Pistachio was inspected by the FDA in 2003 and by the state of California last year; neither inspection turned up significant problems, Acheson said.

The FDA, roundly criticized by both parties on Capitol Hill recently during a wave of food-borne illnesses -- including an ongoing salmonella outbreak tied to peanuts that has sickened 690 people, killed nine and led to the largest food recall in U.S. history -- got new leadership Monday. Joshua Sharfstein started work as the deputy administrator and is running the agency. His boss-to-be, Margaret Hamburg, is awaiting congressional confirmation.

Sharfstein immediately set an aggressive tone, Acheson said. "The priority is the potential public health risk here," Acheson said. "We're out in front, getting the product off the market."

But Caroline Smith DeWaal at the Center for Science in the Public Interest said food safety laws clearly need an overhaul. "It's not really comforting when a regulatory agency has to rely on private companies to find problems," she said.

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AGRICULTURE

## Pistachio growers are shell shocked by FDA warning

115

The agency has warned consumers to not eat the nuts because of potential salmonella contamination. Growers say it was an overreaction to the discovery of the disease in a small part of the crop.

By Jerry Hirsch

April 1, 2009

Supermarkets pulled pistachios and some pistachio-laden foods from their shelves Tuesday, moves resulting from this week's Food and Drug Administration warning to consumers not to eat the nuts because they could be tainted with salmonella.

The FDA is scrambling to prevent a repeat of a recent salmonella outbreak from peanuts that has sickened more than 690 people in 46 states. And in Sacramento on Tuesday, a lawmaker introduced legislation to tighten safety standards for foods processed in California.

Earlier this week, Setton Pistachio of Terra Bella Inc., a San Joaquin Valley nut packer, recalled 2 million pounds of pistachios because of potential salmonella contamination. The company's nuts tested positive during routine checks at a plant operated by Kraft Foods Inc. and other food manufacturers, according to the FDA.

Like Peanut Corp. of America, the company blamed for the widespread outbreak from peanuts, Setton is a bulk provider of nuts to food manufacturers and wholesalers. That means that the contaminated pistachios could have ended up in a variety of processed foods, including ice cream, cookies, candies and trail mix.

Although the pistachios that Setton is recalling represent less than 1% of the Golden State's 278-million-pound crop, the FDA defended its blanket warning -- even though it will almost certainly be a blow to the state's \$539-million pistachio industry.

"It is always an upset to the industry when we have to put consumer advice out like this, but . . . we don't know where those pistachios have gone, and we don't want to wait until we find out and then learn that people were getting sick," said David Acheson, the FDA's assistant commissioner for food safety. "We know the pistachio industry will suffer losses as a consequence."

Acheson said some consumers have reported being sickened by pistachios. But the FDA so far has been unable to confirm any cases of illness linked to salmonella-tainted pistachios.

However, routine checks performed by food processors yielded 10 positive salmonella tests, all of them linked to pistachios supplied by Setton, according to the FDA. The tests have identified at least three strains of salmonella, but not the variety that caused the peanut-linked salmonella outbreak in recent months.

Industry officials and Kraft said the contamination was probably a result of not segregating raw and roasted nuts during processing.

Assemblyman Mike Feuer (D-Los Angeles) introduced legislation Tuesday that he said would "close significant gaps in laws governing food inspections, testing and reporting of contamination."

The bill would require food processors to adopt detailed plans to ensure their products were safe, mandate periodic testing of food at California's food-processing facilities and tell companies to report to state authorities within 24 hours any positive test result for a dangerous contaminant.

Food pathogen scares in recent years involving tomatoes, peppers, spinach and lettuce have cost California farmers millions in lost sales. The pistachio industry is the latest to take a hit. California is far and away the nation's No. 1 pistachio grower, producing 98% of the domestic crop. Globally, it trails only Iran in pistachio farming. About 60% of the crop is exported, making pistachios an important source of foreign currency for both the state and the nation.

Kroger Co., which owns Ralphs in Southern California, said it pulled Private Selection Shelled Pistachios sold in many of the Kroger-owned chains on Friday. Setton Farms supplied Kroger's pistachios for that brand. The supermarket company also said it was monitoring manufacturer recalls to know what other items should be removed.

Albertsons, which has 233 stores in the region, said it was removing all pistachios and products containing pistachios "until we get further information from the FDA and the manufacturer regarding specific product recalls," said Stephanie Martin, a spokeswoman for the chain. Whole Foods also pulled some products.

Those are the types of moves that have the industry concerned.

"The FDA is painting with a pretty broad brush," said Richard Matoian, executive director of the Western Pistachio Assn. in Fresno. "The reality is that only one processor is affected by the voluntary recall, and it involves only a small portion of that company's inventory."

Paramount Farms, the nation's largest pistachio grower, worked Tuesday to limit its damage from the salmonella scare.

The company issued a statement saying that its nuts were not part of the recall and added that "in light of the current situation, we are

testing all products in our inventory and are committed to testing all pistachio shipments going forward as a further precautionary measure."

Salmonella is one of the most common causes of food-borne illness, with 40,000 Americans infected each year, according to the federal Centers for Disease Control and Prevention. It causes diarrhea, fever and cramping and can be life-threatening for children, the elderly and people with weakened immune systems. About 400 people die from the infection each year.

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**UPDATE 2-McDonald's to take steps to cut potato pesticides**

By Lisa Baertlein

487 words

31 March 2009

13:44

Reuters News

English

(c) 2009 Reuters Limited

(Adds ConAgra comment)

LOS ANGELES, March 31 (Reuters) - McDonald's Corp, the largest purchaser of potatoes in the United States, has agreed to take preliminary steps to reduce pesticide use in its domestic potato supply, shareholder groups said on Tuesday.

Following the agreement, the Bard College Endowment, Newground Social Investment and the AFL-CIO Reserve Fund withdrew a shareholder proposal that, if approved, would have required the company to publish a report on options for cutting pesticide use in its supply chain.

The investors said McDonald's has agreed to survey its U.S. potato suppliers, compile a list of best practices in pesticide use reduction and recommend those best practices to global suppliers. It also will share its findings with investors and include the findings in its annual corporate social responsibility report.

McDonald's, the world's largest fast-food chain, said the process would support ongoing efforts to make its supply chain sustainable.

"Our U.S. potato suppliers are already working with their growers to advance sustainable pesticide practices, such as reductions and alternative methods," McDonald's said in a statement.

"Because McDonald's has such a commanding presence in the marketplace, this commitment offers the promise of significant reductions of pesticide use -- which will benefit consumer health, as well as farm workers, local agricultural communities and the environment," said Newground Social Investment Chief Executive Bruce Herbert, who is also a member of the Board of Directors of the Institute for Children's Environmental Health.

Had the agreement not been reached, the resolution would have appeared in the company's upcoming proxy statement and come up for a vote at the company's shareholder meeting later this year.

The three investor groups teamed with Investor Environmental Health Network to engage McDonald's in talks about pesticide reduction.

Dr. Richard Liroff, executive director at the Investor Environmental Health Network, said that some of McDonald's largest U.S. potato suppliers include ConAgra Foods Inc unit Lamb Weston and privately held J.R. Simplot Co.

"We welcome McDonald's stepping up to the plate and look forward to supporting the company's efforts to reduce pesticide use in the future," Liroff said.

"These are early steps," said Liroff, who said McDonald's must first know where it stands in terms of pesticide use in potato supplies before it can set targets for reduction.

He said food companies such as Sysco Corp, General Mills Inc and Campbell Soup Co have already shown that cutting pesticide use can make sense from both an environmental health and business perspective.

"We are happy to work with them on this particular issue," said ConAgra spokesman Jeff Mochal.

There was no immediate reply from J.R. Simplot. (Editing by Phil Berlowitz)

MCDONALDS-PESTICIDES/ (UPDATE  
2)|LANGEN|AFA|CSA|LBY|RWSA|RWS|REULB|GNS|ABX|BNX|SXNA

Document LBA0000020090331e53v001k3

**UPDATE 2-U.S. Democrats launch push for climate change bill**

948 words  
31 March 2009  
12:21  
Reuters News  
English  
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- \* Plan would embrace 'cap and trade' system
- \* Draft mandates 20 pct cut in carbon emissions by 2020
- \* Plan includes protections for vulnerable industries (Recasts lead, adds more details and reaction)

By Richard Cowan and Ayesha Rascoe

WASHINGTON, March 31 (Reuters) - Democrats in the U.S. House of Representatives launched a sweeping effort on Tuesday to control greenhouse gas emissions and at the same time help industries that will struggle to meet the proposed environmental requirements.

The draft legislation, which will be considered by the House Energy and Commerce Committee in coming weeks along with other panels, marks the latest attempt by Congress to bring the United States into a global effort to curtail emissions of carbon dioxide and other pollutants.

Many scientists think the growing amounts of pollutants are contributing to extreme weather, melting polar ice and threats to humans, animals and plant species.

"This legislation will create millions of clean energy jobs, put America on the path to energy independence, and cut global warming pollution," said House Energy and Commerce Committee Chairman Henry Waxman.

Chances for a climate change bill being enacted have improved with the election of Barack Obama as president and Democrats' growing majorities in Congress. But it is still likely to be a tough fight, especially in the Senate.

In February, Obama proposed his own climate change initiative and just last week his administration declared that climate-warming emissions are a danger to human health -- a move toward regulating the pollutants under the Clean Air Act.

But the proposal circulated on Capitol Hill by Waxman and Representative Edward Markey would establish a new "cap and trade" regime for reducing emissions of carbon dioxide and other harmful greenhouse gases separately from the Clean Air Act. Proponents think it would be a more targeted way of limiting emissions.

In a cap and trade system, owners of power plants and other industries that emit carbon dioxide would need permits for every ton they emit. Unused permits could be sold to other companies, but overall emissions would gradually drop.

**83 PERCENT REDUCTION BY 2050**

Under the Waxman-Markey proposal that uses 2005 as a base year, U.S. carbon emissions would have to be reduced by 20 percent by 2020, 42 percent by 2030 and 83 percent by 2050. Those goals are somewhat more aggressive than timetables Obama proposed.

The deep economic recession the United States is going through makes enacting a climate control bill all the harder.

Republicans, who will oppose the legislation in the House, have been eager to point out that at least in the

short term, energy prices will rise, hitting consumers and resulting in more domestic job losses.

"Tuesday's cap and trade bill marks a triumph of fear over good sense and science and it couldn't come at a worse time because it proposes to save the planet by sacrificing the economy," said Representative Joe Barton, the senior Republican on the energy and commerce panel.

But Markey, who chairs a special committee to deal with global warming problems, countered: "We will create jobs by the millions, save money by the billions, and unleash energy investment by the trillions."

#### REBATES AND OFFSETS

Among the proposals aimed at protecting domestic industries are "rebates" to help them compete with overseas companies and up to 2 billion metric tons annually in "offsets" they could claim along with buying permits that push them to emit fewer greenhouse gases. The provision could be particularly important to heavy industry, such as steel, cement and glass.

Total U.S. emissions of carbon dioxide are now around 6 billion metric tons a year.

Such offsets could include an array of activities, such as installing energy-efficient measures, buying forests, investing in a farmer's commitment to non-polluting practices, or even closing a plant.

The legislation, according to the committee, would give the president the power to establish a "border adjustment" program if industry rebates prove insufficient. "Under that program, foreign manufacturers and importers would be required to pay for and hold special allowances to 'cover' the carbon contained in U.S.-bound products," the committee said.

It was unclear whether the proposal would be in line with U.S. commitments in global trade pacts.

Other initiatives in the House proposal are requirements on utilities to produce 25 percent of their electricity from renewable sources, like solar and wind, by 2025 and to take steps to reduce their energy consumption.

Waxman and Markey leave up to the committee the potentially controversial decision of how to allocate permits for industries' carbon emissions under the cap and trade program.

While opposition to the Waxman-Markey bill could ramp up as it moves through the House and more details are filled in, diverse groups gave their early support.

"The discussion draft provides a solid foundation to create a climate strategy that both protects our economy and achieves the nation's environmental goals," said the United States Climate Action Partnership, a coalition of industry and environmental groups ranging from Alcoa and Caterpillar to the Nature Conservancy and the Natural Resources Defense Council.

However, Lou Hayden, a senior policy analyst with the American Petroleum Institute, warned that lawmakers must be realistic with their goals, especially concerning the use of cleaner transportation fuels.

"We worry that if the timelines aren't practical, if they aren't reasonable, you may end up passing along a cost (to consumers) without achieving emissions reductions," Hayden told Reuters. (Additional reporting by Timothy Gardner in New York; editing by Mohammad Zargham)

ENVIRONMENT-CARBON/USA (UPDATE  
2))LANGEN|AFA|CSA|LBY|RWSA|RWS|REULB|GNS|BNX|ABX|SXNA

Document LBA0000020090331e53v001gm

**Snow and floods threaten North Dakota cattle herd**

516 words  
31 March 2009  
15:43  
Reuters News  
English  
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- \* Up to 20 inches of snow falling on North Dakota
- \* Flooding problems in much of state
- \* Risks of hypothermia, lack of feed for livestock

By Rod Nickel

SASKATOON, Saskatchewan, March 31 (Reuters) - A deadly combination of floods, heavy snow and cold in the midst of calving season threatens to thin North Dakota's cattle herd.

A winter storm covered much of the state's southern areas Tuesday, and the National Weather Service was forecasting snowfall of between 10 and 20 inches by Wednesday. Overnight lows for the capital Bismarck are forecast to be well below freezing through Friday.

Calves, especially newborns, are in danger of hypothermia and some farmers are struggling to get feed and water to livestock, said the North Dakota Agriculture Department.

The swollen Red River Valley has few livestock farms, but western North Dakota -- where most of the cattle herd is based -- has also seen flooding and heavy snow. North Dakota ranks 17th among states in cattle production, with 2 million head.

So far, there have been only isolated reports of several hundred cattle deaths. But far greater losses could be in store, based on past flood years. North Dakota lost 120,000 head of cattle in the 1996-97 year, mainly because of severe April flooding followed by a blizzard.

The losses this year will likely be less than half that total despite the unusually harsh conditions, said Jim Jost, program specialist with the U.S. Agriculture Department's Farm Service Agency. Flooding in 1997 was more widespread, Jost said.

Dr. Charlie Stoltenow, a veterinarian and associate professor at North Dakota State University, said it was impossible to gauge how high losses will be. Ranchers are in the middle of calving season and many don't own barns to shelter their animals.

"We're going to suffer major calf losses, I don't think there's any two ways around that," Stoltenow said.

If heavy snow and cold weather last long enough, cattle deaths "could be catastrophic," he said. He estimates with current forecasts, 15,000 to 25,000 head of cattle may die.

Conditions will be tough either way. A fast melt will ease hypothermia risk but raise flooding fears, Stoltenow said.

Many cattle that died in 1997 broke through ice and drowned. There may not be as much ice this year, which means there may be fewer adult cow deaths, Stoltenow said.

Swollen rivers are also worrying crop farmers.

The **USDA** expects flooding to delay planting two weeks to April 29 this year, said program specialist Dale Ihry. Seeding began at a similar time in 2001 and resulted in 2 million unplanted acres in the state, he said. He said he cannot revise his estimate of 1 million unplanted acres until the snow melt is underway.

The Red River's level at Fargo continues to decline and was 37.98 feet at 12:15 p.m. CDT Tuesday. (Editing by David Gregorio)

USA-FLOOD/LIVESTOCK|LANGEN|ABN|C|GRO|CANT|MTL|SOF|E|RBN|U|RNP|DNP|PCO|PCM

Document LBA0000020090331e53v001nu



## Dow Jones Newswires

### **Argentina Govt-Farmer Talks Deadlocked, But No Strike Called**

505 words

31 March 2009

19:00

Dow Jones International News

English

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BUENOS AIRES (Dow Jones)—Argentine farmers and government leaders met again Tuesday, with both sides leaving no indication that any resolution to their long-running conflict is in sight.

However, the farmers held back from calling another strike and instead attacked the government for what they say is its neglect of small farmers in the midst of a drought and financial crisis. The last strike called by the four main farm groups, in which they boycotted grains and live cattle sales for a week, ended last Friday.

In a press conference held by leaders of the four groups, little mention was made of the long-running sticking point between the two sides - the farmers' demand for a reduction in the 35% tax on soy exports. Instead, they focused their demands on financial assistance for farmers whose wheat crops have been hit by the drought and for those in the most harshly affected parts of the country, such as Patagonia.

"What's in play are the futures of thousands of small and medium-sized farmers," said Pablo Orsolini, vice president of the Argentine Agrarian Federation in a television interview with Canal 5 following a press conference held by leaders of the four groups. "We had expected we would make some advances in this meeting...but unfortunately, there was no decision. I don't know if it's a lack of sensitivity, or a lack of understanding."

Interior Minister Florencio Randazzo and Production Minister Debora Giorgi held a counter-press conference - as has been routine after these weekly meetings - to rebut the farmers' claims.

Citing President Cristina Fernandez's decision to share 30% of its soy export tax with provinces, worth some 6 billion pesos a year (\$1.61 billion) a year at current prices, Randazzo said the government was focused on sharing wealth to those who need it.

"That ARS6 billion will go to the provinces, for water, for sewerage systems, for health facilities. But what (the farmers) want is for the ARS6 billion to go into the hands of the country's biggest producers," Randazzo said.

In fact, the decision to share the soy export duties with the provinces has been taken as a signal that the government is utterly determined not to compromise on the tax rate. Seen by critics as a political move with an eye on legislative elections on June 28, the announcement seemed to say once and for all that tax wouldn't be cut, leaving the conflict at an intractable impasse.

But while the measure has bitterly angered the farmers, it has also put them in a bind. It's not clear how far they can challenge public support with more strike actions when there's little to no sign that the government will yield on their demands. And yet there's no clear alternative way to pressure officials into reform.

-By Michael Casey, Dow Jones Newswires; michael.j.casey@dowjones.com; 54-11-4590 2428 [ 31-03-09 2300GMT ]

Document DJI0000020090331e53v0012p

**April 1, 2009**

EDITORIAL

**State of the Birds**

Ken Salazar, the secretary of the interior, released a new, nationwide survey last month that assesses the state of bird populations in America. The news is grievous. Over all, a third of the bird species in this country are endangered, threatened or in serious decline.

There is special concern for grassland birds — whose habitat has been vanishing steadily for decades — for birds in Hawaii, where a variety of species face a variety of threats, and for coastal species. The good news is that wherever nature is allowed to recover, especially in the case of wetland birds, it shows its usual resilience.

But there is no glossing over these staggering losses, and there is no dismissing what they mean. There is nothing accidental or inevitable about the vanishing of these birds. However unintentional, it is the direct result of human activity — of development, of global warming, of air and water pollution and of our failure to set aside the habitat these birds need to flourish. Every threatened species reveals some aspect of our lives that could be adjusted.

The survey also shows that where humans have made an effort — as with migratory waterfowl and with endangered species like the peregrine falcon — good things have happened, with some species recovering even as others declined. This in turn argues that the programs now in place to protect habitat should not only be spared the budgetary wrecking ball but also expanded — most conspicuously those managed by the Agriculture Department that seek to preserve wetlands and prairie grasslands as well as the Interior Department's Land and Water Conservation Fund.

The remarkable recovery of ducks and geese and other wetland species — thanks to strong conservation efforts — should remind us of what is possible. The only other outcome is too grim to consider — a landscape steadily emptying of birds.

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## **Our view on free trade: Mexican truck ban hurts U.S. exporters, consumers**

Congress bows to the Teamsters, prompting harmful trade war.

There's an old maxim that if all the world's economists were laid end-to-end, they would still not reach a conclusion. Yet if there's one thing economists agree on, it's that high tariffs and protectionist policies made the Great Depression far worse.

That's why it's particularly troubling, at this precarious economic moment, that the U.S. and Mexico are engaged in an entirely avoidable trade war.

The spark is whether Mexican long-haul truckers can deliver goods inside the USA, something the North American Free Trade Agreement promised they could do in border states by 1995 and throughout the nation by 2000.

Guess what? It never happened. The politically powerful Teamsters Union and its enablers in Congress threw up roadblock after roadblock. Last month, a spending-bill provision killed a 2007 pilot project that had allowed about 100 Mexican trucks to travel past a commercial zone within 25 miles of the border.

Predictably and completely legally, Mexico retaliated — by slapping tariffs on \$2.4 billion worth of strawberries, grapes, dishwashers, pencils, cordless telephones, pet food and more than 80 other U.S. export products. Targets include California wine makers, Oregon potato producers and a Wisconsin soy sauce maker. Mexico has threatened to escalate the tariffs if the U.S. doesn't restore the trucking program.

That's exactly what the administration and Congress should do, before more U.S. exporters and their employees suffer needlessly so the Teamsters can have their way. Protectionism always invites retaliation and leaves nations that fight trade wars poorer. The danger is even worse in these tough economic times, when the U.S. should be leading the fight, at this week's Group of 20 summit and elsewhere, to preserve open markets.

For years, the truckers and their congressional allies have charged that Mexican trucks and their drivers are too unsafe to allow into the USA. Their argument relies on scare tactics instead of facts. The few studies that have been conducted show that Mexican truckers are as safe as or safer than their U.S. counterparts.

In 2007, for example, the Federal Motor Carrier Safety Administration reviewed the 2003-06 records of Mexican trucks that are allowed to travel throughout the U.S. under a special exception. The study showed that about 1% of those Mexican drivers were removed from service after failing roadside safety inspections, while 7% of American drivers were required to stand down.

There's no reason Mexican trucks and drivers can't be required to meet U.S. safety standards, nor is it clear that American drivers would lose work if they had the same right to drive goods into Mexico that Mexican drivers would have here.

In place of sensible reciprocity, though, there's a clumsy, grossly inefficient system that requires two or more trucks to bring a shipment from inside Mexico to the USA. All this unnecessary unloading and loading adds an estimated \$200 million or more to the cost of imports, a "trucking tax" that takes money from U.S. consumers.

It's time for the Obama administration and Congress to stop knuckling under to the Teamsters and drive a better bargain.

## **Opposing view: Keep Mexican trucks out**

U.S. isn't being protectionist. It's protecting health and safety.

By James P. Hoffa

NAFTA is a bad trade deal for many reasons. It cost millions of U.S. jobs and lowered wages for average Americans. It has also threatened to undermine highway safety.

The Teamsters Union is strongly against opening the Mexican border to unsafe trucks.

No one can dispute that Mexico is a more dangerous place to drive than the USA is. In fact, a Feb. 20 State Department travel alert warns U.S. citizens about driving in Mexico. It's not just that drug violence cost 7,000 lives last year, or that according to a recent article in *The Washington Times*, Hezbollah is smuggling drugs and people here from Mexico. It's that Mexican trucks and drivers aren't required to meet the same safety standards as U.S. trucks and drivers.

Mexican trucks are older, dirtier and more dangerous than American trucks. American truck drivers are taken off the road if they commit a serious traffic violation in their personal vehicle. That's not so in Mexico. Limits on the hours a driver can spend behind the wheel are ignored in Mexico.

American truck drivers are routinely tested for drugs and alcohol using labs that meet rigorous federal standards. Mexico still has no certified lab to test specimens, and the collection and custody procedures have been called into question by the U.S. Department of Transportation's inspector general.

The Bush administration opened the border to unsafe Mexican trucks with a pilot program in 2007. A few of the safest trucks were handpicked to participate, and reportedly \$500 million was spent on the program. Even then, U.S. officials couldn't be sure when a participating Mexican truck entered the country or where it went. So few trucks participated that the inspector general reported that no conclusions could be made about their safety record.

Congress recently shut the border to Mexican trucks, and Mexico retaliated by raising some tariffs. But it's nonsense to claim that the U.S. is being protectionist. When NAFTA was passed in 1994, the U.S. had a \$1 billion trade surplus with Mexico. Last year, our trade deficit with Mexico was \$64 billion.

In 2001, a tribunal ruled that NAFTA lets the U.S. enforce safety standards. When Mexico keeps its end of the bargain by raising safety standards, we can keep ours.

*James P. Hoffa is general president of the International Brotherhood of Teamsters.*



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## USDA soybean planting estimate a record, but below the average guess

Tuesday, March 31, 2009, 10:05 AM

by John Perkins

The USDA's 2009 prospective planting estimates show that farmers intend to plant a record amount of soybeans, although the estimate was much lower pre-report projections. Additionally, farmers are seen reducing corn acreage modestly, the figure did come out a little bigger than the average pre-report guess, and pushing wheat planting down 7% with the USDA's figure a little bit smaller than analysts were anticipating. Of course, these are just estimates and given the volatility in the futures market, uncertainty over the broader financial climate and ever changing weather, there's a pretty good chance the numbers will change. Joe Victor of Allendale Inc. added that the numbers don't take into account the recent flooding in the Northern Plains.

2009 U.S. corn acreage is estimated at 84.986 million acres, down 1% from 2008's 85.982 million acres. Before the report, analysts were expecting corn to be around 84.548 million acres, in a range of 81.400 million to 89.000 million acres. Soybeans were reported at 76.024 million acres, just about steady with the 75.718 million planted a year ago. Pre-report estimates ranged from 75.900 million to 81.500 million acres, for an average of 79.251 million acres.

Total U.S. wheat acreage was placed at 58.638 million acres, a 7% decline from 2008's 63.147 million and below the average pre-report guess of 58.856 million acres. Winter wheat made up most of that total at 42.889 million acres. Spring wheat was pegged at 13.304 million acres, 6% less than a year. The range of estimates ran from 13.000 million to 14.007 million acres, for an average of 13.639 million. Durum wheat was placed at 2.445 million acres, a 10% drop from 2008, and under the average projection of 2.445 million acres.

## Selected crops in Brownfield coverage states:

Illinois: Corn: 12.200 million acres, up 1% from 2008; soybeans: 9.100 million acres, down 1% from 2008; winter wheat: 850,000 acres, down 29% from 2008; sorghum: 50,000 acres, down 37% from 2008.

Indiana: Corn: 5.700 million acres, steady with 2008; soybeans: 5.400 million acres, down 1% from 2008; winter wheat: 470,000 acres, down 19% from 2008.

Iowa: Corn: 13.200 million acres, down 1% from 2008; soybeans: 9.850 million acres, up 1% from 2008; oats: 200,000 acres, up 33% from 2008.

Missouri: Corn: 3.050 million acres, up 9% from 2008; soybeans: 5.050 million acres, down 3% from 2008; winter wheat: 800,000 acres, down 36% from 2008; all cotton: 300,000 acres, down 2% from 2008; sorghum: 85,000 acres, down 6% from 2008.

Nebraska: Corn: 8.800 million acres, steady with 2008; soybeans: 5.000 million acres, up 2% from 2008; winter wheat: 1.700 million acres, down 3% from 2008; sorghum: 250,000 acres, down 17% from 2008; oats: 115,000 acres, up 21% from 2008; sugarbeets: 52,000 acres, up 15% from 2008.

South Carolina: Corn: 305,000 acres, down 14% from 2008; soybeans: 510,000 acres, down 6% from 2008; all cotton: 140,000 acres, up 4% from 2008.

South Dakota: Corn: 4.900 million acres, up 3% from 2008; soybeans: 3.950 million acres, down 4% from 2008; winter wheat: 1.750 million acres, down 15% from 2008; spring wheat: 1.500 million acres, down 6% from 2008; sorghum: 150,000 acres, down 12% from 2008; oats: 250,000 acres, up 14% from 2008.

Wisconsin: Corn: 3.750 million acres, down 1% from 2008; soybeans: 1.640 million acres, up 2% from 2008; winter wheat: 320,000 acres, down 9% from 2008; oats: 260,000 acres, down 4% from 2008.

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## Powerful, Consistent Weed Control

### Vilsack would reach out to those who oppose animal ID

Tuesday, March 31, 2009, 4:38 PM

by Tom Steever

The U.S. Secretary of Agriculture won't say specifically that he favors a mandatory animal identification system. However Tom Vilsack expressed concern Tuesday about not having a reliable, nationwide system that would allow prevention of problems or mitigation of damage should an outbreak occur.

"I think a precondition to all this is reaching to out to those groups and basically listening to concerns about privacy, concerns about confidentiality, concerns about how it might work for those, for example, who are raising livestock on private lands versus those who are using public lands," said Vilsack Tuesday.

Vilsack says what he's working for is greater acceptance of whatever system is in place. He acknowledges the current division between those who want a mandatory system and those who do not.

"What I don't want is a circumstance where this is mandated and then people spend a great deal of time trying to figure out how to get around it," Vilsack said, "that doesn't do anyone any good."

Secretary Vilsack wants to allow those who oppose mandatory animal ID to help shape a program so "it's shaped in the right way."

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**Vilsack senses some consensus for budget priorities**

Tuesday, March 31, 2009, 4:12 PM

by Tom Steever

U.S. Agriculture Secretary Tom Vilsack presented some of President Obama's budget proposals to the House Appropriations Subcommittee on Agriculture Tuesday and said afterward there is at least an appreciation among subcommittee members concerning presidential budget priorities concerning agriculture.

Vilsack says those priorities include improving the nutritional value of school meals and to expand access to those programs so that childhood hunger is eliminated by 2015.

Those priorities also include making sure Rural America is well connected.

"I think there was a consensus, at least one that I drew, that we need to continue to focus as we have with the Stimulus Recovery and Reinvestment Act on building modern infrastructure in a strong rural community to surround our farmers and ranchers because they are so dependent on off-farm income," Vilsack told reporters Tuesday afternoon.

Vilsack also believes there's consensus that the U.S. needs to continue promoting renewable energy and biofuels for America.

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## Vilsack extends sign-up deadline

Mar 31, 2009 11:56 AM, By Forrest Laws  
Farm Press Editorial Staff

Agriculture Secretary Tom Vilsack is extending the sign-up deadline for the 2009 direct and counter-cyclical payment program from June 1 to Aug. 14 to give producers more time to analyze their options under the 2008 farm bill.

Vilsack, testifying before the House Appropriations Subcommittee, said the move was in response to concerns he had heard from producers who were worried about making their decisions in time for the June 1 deadline.

"This action should provide producers with sufficient time to learn about the new ACRE program and to make informed decisions about their sign-up options," said Vilsack. The secretary was referring to the average crop revenue enhancement program that bases counter-cyclical payments on crop prices and revenues.

He also announced USDA would be making Milk Income Loss Contract or MILC payments to help producers struggling with the recent downturn in milk prices. The MILC announcement follows USDA's decision to use 200 million pounds of non-fat dry milk for school-feeding programs and the TEFAP program.

USDA will also make bonus commodity purchases through its Section 32 authority. The purchases will include \$30 million for walnuts, \$25 million for pork, \$60 million for turkey and \$2 million for lamb.

During the hearing, Vilsack said the Obama administration's budget plans will bring reform to USDA and revitalize rural America.

"The president's budget reflects a new direction for our country," said Vilsack. "This budget will set us on the path to recovery by providing a strong foundation and diverse opportunities for farmers and ranchers to succeed."

Vilsack said rebuilding and revitalizing rural communities will be one of his top priorities.

"Starting with the implementation of the American Recovery and Reinvestment Act and continuing through implementation of the farm bill, USDA will expand broadband networks in rural communities, increase investment in rural infrastructure, and develop renewable energy," he said.

"The budget puts a strong emphasis on rural economic development, providing more than \$20 billion in loans, loan guarantees, and grants to support rural development activities. Of great importance to me, this budget proposal is consistent with the administration's efforts to ensure that all of rural America will have access to quality broadband service, which is essential to keeping pace in a world that relies on rapid telecommunications."

USDA, he said, is committed to modernizing the food system, focusing on preventing rather than mitigating the consequences of food-borne illness, which affects everyone from the consumer back down to the producer.

"Our budget proposal for 2010 includes additional resources to improve food safety inspection and assessment and to enhance the ability to determine food safety risks. I am also proud to be a part of the Food Safety Working Group and look forward to meeting with you on ideas to improve the food safety system."

e-mail: [flaws@farmpress.com](mailto:flaws@farmpress.com)

### Find this article at:

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# Feedstuffs

THE WEEKLY NEWSPAPER FOR AGRIBUSINESS

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## Soybeans did not see large acreage jump

(3/31/2009)

**Jacqui Fatka**

Heading into the U.S. Department of Agriculture's *Prospective Plantings* report, analysts estimated 4 million to 5 million acre increases for soybeans. Instead, soybean acreage is estimated just over 300,000 acres higher compared to last year at 76 million acres. Growers plan to plant 85 million acres of corn, down 1% from last year and down 9% from 2007. Corn acreage estimates were actually 500,000 acres more than the average trade analysts' estimates.

Wheat acreage is expected to decline 7%, to 58.6 million acres. Cotton plantings are also expected to be down 7%, to 8.8 million acres – the smallest area since 1983.

The past two years over 10 million acres of land were brought into production. The latest report shows that although total acre planted to corn and soybeans will hold steady, the area planted to principal crops will decline by nearly 7.8 million acres. About two million of that is double-cropped soybeans that won't be planted. The remaining acres likely are from marginal lands, which may bring up the overall yields.

Dan Basse, analyst for AgResource Co., stated the report confirms a "longer-term bullish trend in agriculture" and \$2.50 corn and \$6 beans won't occur unless this year brings "monster crops."

Also this morning USDA released its quarterly stocks report. USDA indicated March 1 corn stocks at 6.958 billion bushels, around 50 million less than expectations. Soybean stocks were reported at 1.302 billion bushels, about 20 million less than trade guesses.



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## National & World Ag News Headlines

### AFBF Opposes Changes to H-2A Labor Program

USAgNet - 03/31/2009

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The American Farm Bureau Federation opposes changes to the H-2A temporary worker program proposed by the Labor Department and urges the department to implement the existing regulations that were promulgated Dec. 18 and became effective Jan. 17.

In a letter sent Friday to Thomas Dowd, administrator of DOL's Office of Policy Development and Research Employment and Training Administration, AFBF said.

"The H-2A rules that the Labor Department wants to put on hold made several improvements in the program. Farm Bureau is disappointed that the department wants to suspend these rules that allow U.S. agriculture to legally hire much-needed temporary workers," said AFBF President Bob Stallman.

Stallman said the sudden change in policy also is creating confusion for many farmers who have spent time learning the new rules, have already filled out applications and may well have contracts signed based on the provisions.

"The existing regulations that DOL proposes suspending for nine months cut red tape and make it easier to hire temporary workers," Stallman said. "One of the rules that DOL wants to suspend assures farmers that wages required under the program would be closer to those actually being paid in the economy and that workers referred by state workforce agencies were authorized for employment in the U.S.," Stallman noted.

The AFBF letter also emphasized that DOL did not provide enough time for public comment when it published the proposed rule in the Federal Register March 17 and gave only 10 days for interested parties to submit comments. Customary procedures normally allow at least 30 days for public comment. The shorter comment period did not provide AFBF sufficient time to reach out to its members and seek feedback.

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**Where Have All The Acres Gone?****Total Planted Acreage Down 7.8 Million Acres****Alan Brugler** DTN Contributing Analyst

S&amp;P 500

Tue Mar 31, 2009 03:26 PM CDT

You know by now that USDA's March 31 Prospective Plantings report showed us that farmers intend to plant 76.024 million acres of soybeans, 84.986 million acres of corn, 8.811 million acres of cotton and 58.638 million acres of wheat for 2009 harvest. These survey numbers were compiled in early March. The corn and wheat numbers were close to average trade guesses, but the soybean figure was more than 3 million acres less than trade expectations, and the cotton figure was up 500,000 or so from estimates. The market's gut reaction was to take soybean prices up 40 cents, since a shortfall of 3 million acres removes about 120 million bushels from prospective 2009/10 supply. However, is that rally justified? Or is there "another shoe to drop?"

**U.S. Principal Crop Acres**

Year	Million Acres	Change From Previous Year
1999	329.3	-0.70
2000	328.7	-0.60
2001	324.6	-4.10
2002	327.3	+2.7
2003	325.7	-1.60
2004	322.3	-3.40
2005	317.6	-4.70
2006	315.6	-2.00
2007	320.4	+4.7
2008	324.8	+4.4
2009	317.1	-7.80

The USDA report was strangely silent on the sharp decline in planted acres from 2008. Reporters should have been tearing their hair out in the lockup, wondering where the extra ground went. Prices are still historically high for all of the major crops except for cotton, yet USDA is showing principal crop acres for 2009 being down 7.8 million from 2008. USDA did find more winter wheat plantings, with this report up 2 percent from the January winter wheat report at 42.9 million acres. Of 3.39 million acres of winter wheat ground that went unplanted last fall (compared to year ago), only about 500,000 acres can be easily "found" in the changes in the other crops. The rest just appears to have disappeared from farming.

In an era of \$200/acre cash rent, it seems unlikely that these acres would just be left idle. While there have been scattered reports of producers having financing problems, it is highly unlikely that such issues would

result in anything other than someone else farming the ground for the year.

USDA's survey is basically saying we are going back to farming at slightly above 2006 acreage levels, and ignoring most of the 9.1 million acres that were brought into production from "non-principal" crops and fallow ground during the 2007 and 2008 seasons.

A detailed analysis of principal crop acres by state shows more than 1.5 million acres of last year's crop ground missing in the middle of the Corn Belt. Kansas has 459,000 acres from 2008 unaccounted for, with South Dakota down 451,000; Missouri down 438,000; Illinois down 400,000 and Indiana down 105,000 acres. Ohio, Nebraska and Iowa show small increases of less than 100,000 acres apiece.

The most explainable acreage shortfalls vs. 2008 are in Texas (down 1.077 million) and North Dakota (down 1.416 million). Weather problems left some North Dakota corn standing from last fall, and the flooding potential for this spring is well advertised. Texas has also had a severe drought problem and may not get sufficient moisture re-charge to permit all of the affected crop acres to be planted this spring. Loss of 400,000 acres in California might also be explained by urban sprawl, although housing construction has slowed significantly there. Projected rice acreage in California is down 8 percent due to concerns about water restrictions, but this would normally mean planting more dryland crops, not abandonment. We also know that the reduction in winter wheat plantings last fall will likely mean fewer double-crop soybean acres in 2009.

The bottom line? This is just a "prospective" plantings report, and there are always shifts from the March report to the June acreage report and to the final report in January of the following year. Corn acreage has on several occasions over the past 20 years shifted more than 3 million acres from March intentions to final plantings. Both price and weather can influence these acreage shifts. Based on the analysis above, the risk this year is not just a shift of acres between crops, but the appearance of additional acres that are not shown in the intentions report. Such an increase could be as much as 4 million acres, based on the above analysis. As the trade axiom goes, price makes an excellent fertilizer!

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There is a substantial risk of loss in futures and options trading. Similar risk of loss exists in your cash grain inventory. Past results are not necessarily indicative of future results. This information is from sources we believe to be reliable, but quote or typographical errors are possible. USDA numbers also change over time, as do our interpretations and opinions about those numbers. Actions taken based on this information are the responsibility of the reader.

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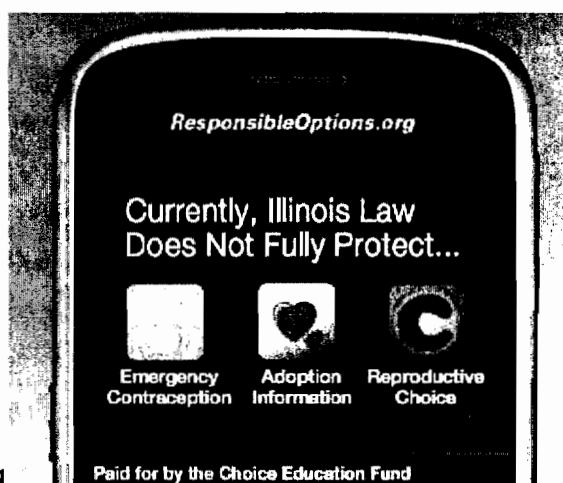
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## **Woman accused of driving 103 mph tells cops she was teaching grandson about dangers of speeding**

By Associated Press

6:59 PM CDT, March 31, 2009

SALEM, Ore. (AP) — Authorities arrested a woman accused of driving 103 mph with her 10-year-old grandson in the car. Sheriff's Lt. Sheila Lorange said Deputy Ryan Postlewait saw the woman's Mazda 6 whizz by on Hylo Road on Sunday, and he confirmed the speed on a radar gun. Though the road is known to attract speeders, Postlewait reported that he has never clocked anyone driving that fast.



The driver, a 53-year-old woman, reportedly told authorities she was trying to teach her grandson about the dangers of speeding, and warned him never to drive the way she was about to.

The woman was charged with reckless driving and reckless endangering.

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